

**Monitoring Policy
of
ICAI Registered Valuers Organisation**

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MONITORING OF MEMBERS

1. Introduction

The Companies (Registered Valuers and Valuation) Rules, 2017 require every Registered Valuers Organisation to constitute a Monitoring Committee under the Chairmanship of an Independent Director of the organisation.

As per Clause V of the Model Bye Laws of Companies (Registered Valuers and Valuation) Rules, 2017, the Organisation should have a Monitoring Policy to monitor the professional activities and conduct of members for their adherence to the provisions of the Act, rules, regulations and guidelines issued thereunder or under the byelaws or Code of Conduct and directions given by the Governing Board.

A member shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year stating inter alia, the date of assignment, date of completion and reference number of valuation assignment and valuation report.

The Monitoring Committee shall review the information and records submitted by the members in accordance with the Monitoring Policy.

2. Preamble and Objective

The Governing Board of ICAI Registered Valuers Organization has adopted the Bye Laws on the basis of the Model Bye Laws of Companies (Registered Valuers and Valuation) Rules, 2017 and in compliance with the requirements of the Bye Laws of the Organisation, ICAI RVO has formed Monitoring Committee.

ICAI RVO has also formulated this Monitoring Policy.

RVOs are obligated to monitor RVs with respect to Valuation under the Companies Act 2013.

The Objective of this Policy is to monitor the professional activities and conduct of members for their adherence to the provisions of the Act, rules, regulations and guidelines issued there-under, the bye-laws, the Code of Conduct and directions given by the Governing Board. The Policy provides for:

- frequency of monitoring, performance evaluation of members, etc.
- the obligations of members to comply with the Monitoring Policy;
- member shall submit information, including records of ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year.
- Code of Conduct for Registered Valuers as per Annexure 1 of Chapter VI of Companies (Registered Valuers and Valuation) Rules, 2017 also provides inter-alia that the registered valuer should perform his work with honesty, integrity, objectivity and impartiality.
- evaluation of performance of members; and
- any other matters that may be specified by the Governing Board.

3. Definitions

1. In this policy, unless the context otherwise requires,

(a) "Act" means the Companies Act, 2013 (18 of 2013);

(b) "Authority" means an authority specified by the Central Government under section 458 of the Companies Act, 2013 to perform the functions under these rules;

- (c) "Bye-Laws" means Bye-Laws of the ICAI Registered Valuers Organisation (ICAI RVO) based on the Companies (Registered Valuers and Valuation) Rules, 2017 (Model Bye-Laws of Registered Valuers Organisation);
 - (d) "Code" means the Insolvency and Bankruptcy Code, 2016.
 - (e) "Governing Board" means the Board of Directors of ICAI RVO constituted under clause 4 of the Bye-Laws of ICAI RVO;
 - (f) "IBBI" means the Insolvency and Bankruptcy Board of India established under section 188 of the Insolvency and Bankruptcy Code, 2016;
 - (g) "Listed Entity- Listed entity" means any company which is listed on recognized stock exchange including SME stock exchange;
 - (h) "Organisation" means the ICAI Registered Valuers Organisation (ICAI RVO), a section 8 Company, registered with Insolvency and Bankruptcy Board of India;
 - (i) "Policy" means the Monitoring Policy of ICAI RVO;
 - (j) "Member" means an individual who is enrolled with ICAI RVO and registered with IBBI and includes an individual who was a member of ICAI RVO as on the date of the alleged misconduct;
2. All words and expressions used and not defined in this Policy, but defined in the Act, Companies (Registered Valuers and Valuation) Rules, 2017, shall have the same meaning as assigned to them in the Act.

4. Framework

4.1 Information to be Submitted

The Registered Valuers are required to report each assignment of a listed entity undertaken under the Companies Act 2013. He shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified

by the Organisation, at least twice a year stating inter alia, the date of assignment, name of entity, date of completion and reference number of valuation assignment.

The reporting requirement for RVs who:

Have not undertaken **any** Engagement will be confined to submission of Static Data as detailed in paras 4.1.1(i), 4.2 and 4.3.

4.1.1 Classification of data required for Monitoring

- i. Static Data
- ii. Dynamic Data

(i) Static Data:

This consists of information furnished at the time of enrolment, which is less likely to change but is material in terms of the eligibility of the Member to continue as a Registered Valuer (RV), eg., Employment Status, Conviction, Change of Nationality, Suspension or Restoration of registration by IBBI, etc.

Periodicity of submission

Static data shall be provided by the RVs in the following events:

- a) At the time of enrolment;
- b) Updation of static data annually
- c) Updation of static data if there is a change and
- d) At the time of renewal of membership

Any change in the Static Data will need to be advised immediately to the RVO, but in no case later than 15 days of the above change having occurred or its having come to the knowledge of the Member.

In all cases, the RV/Member will be required to submit a fresh Status report to the RVO at the time of his annual renewal of Membership.

(ii) Dynamic Data:

Every RV/Member is required to report each assignment of a listed entity twice a year i.e., as on 30th of Sept and 31st of March in the prescribed format at Annexure- A (ii).

The report should, inter alia, also include comments for all engagements being handled, on the following:

- Non adherence to directions/regulation/law, if any, with reasons
- Reasons for slippages in time lines, if any, separately for all cases

The RV/Members shall immediately, submit disclosures to ICAI RVO in accordance to the Circulars issued by IBBI from time to time of the following:

- Number and status of such engagements being handled by the RV
- Any conflict of interest likely to arise.

Periodicity of submission

- a) Half Yearly Report as on 30th September and 31st March.
- b) Report on Appointment as Registered Valuer - immediately and in any case, not later than 15 days

Apart from the above, the RV will be required to report within 24 hours:

- Any warnings or penalties or strictures imposed by the competent authority
- Initiation of legal action against the member

The RV/Member will also submit the details provided in 4.1 within 15 days of its conclusion.

4.2 Manner / Format of Submission of Information

Information will be submitted by RVs on the formats placed at Annexure A(i) for Static Data and A(ii) for Dynamic Data.

4.3 Obligations to comply with the Monitoring Policy

- (i) Every Member registered with ICAI RVO is obliged to comply with the requirements of the Monitoring Policy.
- (ii) The Monitoring Committee shall review the information and records submitted by the RV with the objective of monitoring the professional activities and conduct of each member.
- (iii) Falsification, misreporting or non-reporting of information required under the Monitoring Policy or sought separately by the Monitoring Committee or any other competent authority may lead to initiation of Disciplinary Proceedings against the member.
- (iv) The guidelines set here should be strictly adhered to, failing which action against the Professional may be recommended by the Monitoring Committee to the Disciplinary Committee of ICAI RVO.

4.4 Inspection

The Monitoring Committee may carry out an inspection of a Member's records wherever deemed necessary, with or without prior notice to the member. This function may be delegated to a suitable member(s), where required. The report of the inspection will be put up by the inspecting member(s) to the Monitoring Committee, which would take appropriate steps/action, as warranted.

4.5 Use, Analysis and Storage of Information and Records

4.5.1 Use/ Analysis of information and records

ICAI RVO shall submit a report to IBBI in the Format as per **Annexure B**, in relation to containing information collected from members.

4.5.2 Storage of information and records

The data so collected shall be stored and recorded in a physical and/or digital manner for a period of 8 years, having due regard for:

- a. ensuring the privacy of members and confidentiality of information received, except when disclosure of information is required by the Board or by law,
- b. in a non-discriminatory, and
- c. with proper safeguards, including Disaster Recovery Mechanism procedures.

4.6 Evaluation of Members

The information obtained from members shall be analyzed to verify whether the valuation assignments conducted were in compliance with the Companies Act 2013 and

Rules made thereunder and any of the guidelines or circulars issued by IBBI from time to time.

The information collected from the members will be evaluated on Quantitative and Qualitative Parameters, with a weightage of 30:70 being assigned to the two respectively for facilitating the assessment.

4.6.1 Quantitative:

1. Frequency of submission of reports
2. Delay in submission of information exceeding 15 days from stipulated timeline
3. Deviation from timelines prescribed under law/regulation
4. Transactions conducted with stakeholders/3rd parties
5. No. of Warnings/Strictures/Penalties imposed till date of report
6. No. of incorrect submissions/ data falsifications, etc.
7. No. of Disciplinary cases initiated, if any, with outcomes
8. No. of grievances raised, if any, with outcomes
9. Outcome of Inspection, if any.

4.6.2 Qualitative:

1. Review of steps taken by the RV/Member
2. Violations, if any, of Companies Act, 2013/ Rules
3. Effectiveness and timeliness of follow-up measures
4. Compliance with Valuation Standards
5. Implication and impact of grievances received, if any
6. Outcome of steps taken for Valuation Engagement
7. Result of Disciplinary Action, if any
8. Details of Imprisonment, Debarments, Suit(s) filed against RV/Member, Strictures by the competent authority, if any, with the reasons therefor and status.

In addition to the above, the conduct of the member which impacts the ethical behaviour and integrity, the same shall be referred to Disciplinary Committee for appropriate action.

Evaluation criteria for RVs who have undertaken assignments would cover the above factors.

In respect of members who have not undertaken any assignment, their Static Data would be verified annually on a proportionate sample size of 5% of the strength registered from each Region, to keep a check on any unreported changes.

4.7 Review of the Monitoring Policy

The implementation of the Policy will be monitored and reviewed by the Monitoring Committee at quarterly intervals and bi-annually by the Governing Board of ICAI RVO.

The Monitoring Policy may be amended from time to time by the Governing Board and will remain in force till further instructions of the Governing Board or IBBI.

Annexure A(i)

**Reporting Format
Static Data**

Name:

Enrolment Number:

Address for Correspondence:

Email/Mobile:

Reporting Format for Static Data:

Sr. No.	Particulars of Change	Date of Change	Reason for Change	Implications, if any, for Current/Concluded Engagements

Remarks:

Date:

Name and Signature of RV

Explanatory Notes:

1. Static Data consists of information furnished at the time of enrolment, which is less likely to change but is material in terms of the eligibility of the Member to continue as a Registered Valuer (RV) , e.g., Employment Status, Conviction, Change of Nationality, Suspension or Restoration of registration by IBBI.
2. Any change in the Static Data will need to be advised immediately to the RVO, but in no case later than 15 days of the above change having occurred or its having come to the knowledge of the Member.
3. In all cases, the RV /Member will be required to submit a fresh Status report to the RVO at the time of his annual renewal of Membership.
4. Periodicity of Submission:

Static data shall be provided by the RVs in the following events:

- a) At the time of enrolment;
- b) Updation of static data annually
- c) Updation of static data if there is a change and
- d) At the time of renewal of membership

5. Periodicity of submission of **Changes** in Static Data

Immediately on any change in Static Data, as defined earlier, but in any case **not later than 15 days** of the occurrence of the change on the format given above.

Annexure A (ii)

**Reporting Format
Dynamic Data**

Name:

Enrolment Number:

Address for Correspondence:

Email/Mobile:

**Half Yearly Report as on 30th Sept/31st March on Monitoring of
Registered Valuers**

(To be submitted by all Registered Valuers not later than 15 days of the half-yearly closing/ yearly closing)

S I n o.	Name of Appointi ng Entity (Not for Public Domain)	Date of Appointm ent	Asset Class	Purpose of Valuati on[^]	Expecte d date of Comple tion^{\$}	Advers e rema rks, if any[@]	Fee (Not for Public Domain)	Transactio ns with Stakeholde rs*	Transactio ns with Third Parties[#]
1 .									
2 .									
3 .									

[^]Purpose of Valuation includes Valuation under Companies Act,2013, IBC,2016 etc.

* Stakeholders includes Corporate Debtor, Financial Creditors, Operational Creditors, Resolution Applicants etc.

Third parties includes parties other than stakeholders.

\$ Expected date of Completion includes date of completion

@ Adverse Remarks refers to the remarks of the Registered Valuer.

Date:

Name and Signatures of RV

Periodicity of Submission:

Half Yearly as on 30th of Sept and 31st of March

Note: copy of valuation report need not be enclosed.

Annexure B

Report to IBBI

ICAI RVO shall submit a report to the authority in the manner specified by the authority with information collected during monitoring, including information pertaining to -

Half Yearly Report as on 30th Sept/31st March on Monitoring of Registered Valuers

(To be submitted by all RVOs within one month of the half-yearly closing)

S I n o.	Name of Appointi ng Entity (Not for Public Domain)	Date of Appointm ent	Asset Class	Purpose of Valuati on[^]	Expecte d date of Comple tion^{\$}	Advers e rema rks, if any[@]	Fee (Not for Public Domain)	Transactio ns with Stakeholde rs*	Transactio ns with Third Parties[#]
1 .									
2 .									

[^]Purpose of Valuation includes Valuation under Companies Act,2013, IBC,2016 etc.

* Stakeholders includes Corporate Debtor, Financial Creditors, Operational Creditors, Resolution Applicants etc.

Third parties includes parties other than stakeholders.

\$ Expected date of Completion includes date of completion

@ Adverse Remarks refers to the remarks of the Registered Valuer.

Date:

Name and Signatures of RV

Periodicity of Submission:

Half Yearly as on 30th of Sept and 31st of March

Note: copy of valuation report need not be enclosed.